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UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEW JERSEY

In re:

G-I HOLDINGS INC., et al.,

Debtors.

Chapter 11

Case No. 01-30135 (RG) and
01-38790 (RG) (Jointly Administered)

Hon. Rosemary Gambardella, Chief
U.S.B.J.

**AFFIDAVIT OF ANTHONY BARTELL IN SUPPORT OF MOTION
OF G-I HOLDINGS INC. FOR AN ORDER PURSUANT TO
BANKRUPTCY RULE 9019(a) AND BANKRUPTCY CODE § 363
APPROVING SETTLEMENT AGREEMENT WITH CENTURY
INDEMNITY COMPANY AND AUTHORIZING THE SALE OF
INSURANCE POLICY RIGHTS FREE AND CLEAR OF LIENS, CLAIMS,
INTERESTS AND OTHER**

STATE OF NEW JERSEY)
)
COUNTY OF ESSEX)

Anthony Bartell, being duly sworn, deposes and says:

1. I am an attorney at law of the State of New Jersey, and I am a member of the firm of McCarter & English, LLP, Special Counsel for G-I Holdings Inc. (“G-I” or the “Debtor”). G-I, along with ACI, Inc., is a debtor and debtor-in-possession herein. I make this Affidavit in support of Debtor’s motion for approval of a settlement with Century Indemnity Company (“Century”). I am fully familiar with the facts set forth herein.

2. McCarter & English, LLP represents G-I, International Specialty Products Inc. (“ISP”) and Building Materials Corporation of America d/b/a GAF Materials Corporation (“BMCA”) (collectively, “Policyholders”) in an insurance coverage action captioned *G-I Holdings Inc. et al. v. Hartford Accident and Indemnity Company et. al.*, Docket No. L-980-97, Superior Court of New Jersey, Law Division, Somerset County (the “Environmental Coverage Action”).

3. After substantial discovery in the Environmental Coverage Action and arms’ length negotiations, Policyholders and Century reached a settlement agreement effective March 31, 2008 (the “Settlement Agreement”), pursuant to which Century deposited an agreed amount into escrow. Policyholders, in consideration of this payment, dismissed Century from the Environmental Coverage Action, without prejudice, pending approval of the Settlement Agreement by this Court.

The Environmental Coverage Action.

4. Policyholders filed the Environmental Coverage Action to secure insurance coverage for defense and indemnity costs arising from over 120 allegedly contaminated sites located across the United States (the “Environmental Sites”). Each Policyholder bears responsibility, and owns the insurance coverage rights, for different Sites at issue in the Environmental Coverage Action.

5. Policyholders, through the Environmental Coverage Action, seek coverage under insurance policies sold by, among other insurers, Century and/or its predecessors CCI Insurance Company, Insurance Company of North America, and Indemnity Insurance Company of North America.

A. Century's Policies and Policyholders' Claims.

6. Century issued various insurance policies to Policyholders (collectively, "the Policies").¹

7. Policyholders assert, in the Environmental Coverage Action, that Century must provide coverage, under its Policies, for Policyholders' defense and indemnity costs arising from the Environmental Sites.

B. Allocation of the Coverage

8. Due to the complexity of allocating environmental claims among primary and excess insurers, Policyholders retained a consultant, Mr. Stephen Sellick, to assist in presenting their claims to Century. Mr. Sellick, formerly with LECG, LLC and now a Director with Gnarus Advisors LLC, specializes in the management of complex quantitative analysis in litigation matters, particularly matters involving environmental

¹ As defined in the Settlement Agreement, and as used herein, "Policies" means "any and all insurance policies issued or allegedly issued or assumed by Released Insurer Parties that provide or allegedly provide coverage or benefits to any Policyholder for Environmental Claims, including by not limited to the Century policies at issue in the [Environmental] Coverage Action; *provided, however*, that the term "Policies" shall not include insurance policies issued (i) by any insurer other than Released Insurer Parties (which for purposes of this sub-paragraph (i) only, shall not include an unaffiliated insurer that first becomes acquired by Released Insurer Parties after the Effective Date) except to the extent the Released Insurer Parties have assumed the policies of such other insurer as provided above; (ii) to any entity, heretofore unaffiliated with an Policyholder, that first becomes acquired by, or that first acquires, Building Materials Corporation of America, G-I Holdings Inc., or International Specialty Products Inc. after the Effective Date, but this sub-paragraph (ii) shall only apply with respect to said unaffiliated entity; or (iii) by Released Insurer Parties to Policyholders after the Effective Date." Settlement Agreement ¶ I(U). Capitalized terms used above shall have the meanings attributed to them in the Settlement Agreement.

liability claims. Mr. Sellick's experience includes developing and analyzing insurance allocation methodologies using computer-based models for allocating multi-year losses to multi-year policy programs.

9. In assisting Policyholders with quantifying their claims under the Century Policies, Mr. Sellick, at the direction of McCarter & English, LLP, performed an allocation analysis involving Policyholders' triggered insurance policies, including the Century Policies (the "Allocation Analysis"). In completing the Allocation Analysis, Mr. Sellick sought solely to maximize Policyholders' collective recovery.

10. Mr. Sellick's Allocation Analysis provides part of the basis for the Settlement Agreement. Policyholders also used the Allocation Analysis to apportion the recoveries in the Environmental Coverage Action, including the Settlement Amount, among Policyholders. Policyholders, as a result, have apportioned the Settlement Amount 31% to G-I, 66.3% to ISP, and 2.7% to BMCA.

C. The Risks of Not Pursuing the Settlement.

11. Given the numerous sites and policies at issue in the Environmental Coverage Action, Policyholders faced substantial risks in pursuing, rather than settling, the litigation. Century, for example, argued that no coverage at all exists for the Sites because, among other things, Policyholders intended or expected the contamination or because their pollution exclusions bar coverage for such contamination.

12. Completing the litigation against Century also would cause Policyholders to incur additional costs and to suffer additional delays. The Environmental Coverage Action, due to its complexity, must proceed in stages and could take several more years to complete. Litigating with Century and the various other parties will prove complicated and will cause Policyholders to incur substantial additional fees and costs.

By removing Century from the litigation, Policyholders can focus more efficiently and economically on the remaining parties.

13. Pursuant to 28 *U.S.C.* § 1746, I swear under penalty of perjury that the foregoing is true and correct.

/s/ Anthony Bartell
Anthony Bartell (AB 0079)

Executed on May 7, 2008

Subscribed and sworn to before me
this 7th day of May, 2008.

/s/ Jason M. Alexander
Notary Public

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